(b) IMPLEMENTATION.—

(1) IN GENERAL.—Section 1848(c)(2)(C)(ii) (42 USC 1395w-4(c)(2)(C)(ii)) is amended—

(A) by inserting "for the service for years before 1998" before "equal to",

(B) by striking the period at the end of subclause (II) and inserting a comma, and

(C) by adding after and below subclause (II) the following:

"and for years beginning with 1998 based on the relative practice expense resources involved in furnishing the service.".

(3) CONFORMING AMENDMENT.—Section 1848(c)(3)(CXii) (42 U.S.C. 1395w-4(c)(3XC)(ii)) is amended by striking "The practice" and inserting "For years before 1998, the practice".

(4) APPLICATION OF CERTAIN PROVISIONS.—In implementing the amendment made by paragraph (IXC), the provisions of clauses (ii)(II) and (iii) of section 1848(c)(2)(B) of the Social Security Act shall apply in the same manner as they apply to adjustments under clause (ii)(I) of such section.

SEC. 122. GEOGRAPHIC COST OF PRACTICE INDEX REFINEMENTS.

(a) REQUIRING CONSULTATION WITH REPRESENTATIVES OF PHYSICIANS IN REVIEWING GEOGRAPHIC ADJUSTMENT FACTORS.—Section 1848(e)(l)(C) (42 U.S.C. 1395w-4(e)(l)(O) is amended by striking "shall review" and inserting "shall, in consultation witn appropriate representatives of physicians, review".

(b) USE OF MOST RECENT DATA IN GEOGRAPHIC ADJUSTMENT.—Section 1848(e)(l) (42 U.S.C. 1395w-4(e)(D) is amended by adding at the end the following new subparagraph:

"(D) USE OF RECENT DATA.—In establishing indices and index values under this paragraph, the Secretary shall use the most recent data available relating to practice expenses, malpractice expenses, and physician work effort in different fee schedule areas.".

(c) REPORT ON REVIEW PROCESS.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall study and report to the Committee on Finance of the Senate and the Committee on Ways and Means and the Committee on Energy and Commerce of the House of Representatives on—

(1) the data necessary to review and revise the indices established under section 1848(e)(l)(A) of the Social Security Act, including—

(5) the shares allocated to

physicians' work effort, practice expenses (other than malpractice expenses), and malpractice expenses;

(6) the weights assigned to the input components of such shares; and

(C) the index values assigned to such components;

(7) any limitations on the availability of data necessary to review and revise such indices at least every three years;

(8) ways of addressing such limitations, with particular attention to the development of alternative data sources for input components for which current index values are based on data collected less frequently than every three years; and

42 USC 1395w-4 note.

(9) the costs of developing more accurate and timely data.

42 USC 1395w-4 note.